

CITY OF SCOTTSDALE
2002-2004 ECONOMIC VITALITY STRATEGIC PLAN

PREPARED BY:
THE CITY OF SCOTTSDALE ECONOMIC VITALITY DEPARTMENT

NOVEMBER 2002

ECONOMIC VITALITY STRATEGIC PLAN

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CITY OF SCOTTSDALE MISSION, GOALS, AND VALUES

City Mission

It is the mission of the city of Scottsdale to build citizen trust by fostering/practicing open, accountable, and responsive government; to provide quality services; to provide long-term prosperity; to preserve Scottsdale's unique southwestern character; to plan and manage growth in harmony with its desert surroundings; and to promote livability by enhancing and protecting its neighborhoods. Quality of life for residents and visitors shall be the paramount consideration.

City Goals

- A. Enhance and protect a diverse, family-oriented community where neighborhoods are safe and well maintained.
- B. Preserve the character and environment of Scottsdale.
- C. Provide for the safe, efficient and affordable movement of people and goods.
- D. Position Scottsdale for both short and long-term economic prosperity by stabilizing, promoting, strengthening, stimulating, expanding, and diversifying our economic resources.**
- E. Coordinate planning to balance infrastructure and resource needs within budget.
- F. Make government accessible, responsive and accountable so that pragmatic decisions reflect community input and expectations.
- G. Ensure Scottsdale is fiscally responsible and fair in its management of taxpayer money and city assets.

Employee Values

- Plan and innovate for the future
- Listen, communicate, take action
- Respect the individual
- Collaborate as a team
- Learn & grow continuously
- Focus on quality customer service
- Be accountable & act with integrity
- Show caring & compassion for others

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INTRODUCTION

The 2002-2004 Economic Vitality Strategic Plan represents the City's commitment to the key area of long-term economic sustainability. This plan provides an overview of proposed economic vitality policies, objectives, and implementation activities designed to achieve the City's long-term goal of economic sustainability, reflecting the current needs and resources of the City of Scottsdale. The plan emphasizes the organizational strategies pertinent to an economic vitality policy for the future and recommends a framework for the allocation of municipal resources that will achieve adopted City economic goals.

This strategic plan contains the following key sections:

1. Current Assessment: An overview of current economic and fiscal trends; an analysis of the City's competitive position; and a discussion of some of the key fundamental structural changes which will impact the City in the future.
2. Strategic Plan: The Economic Vitality Department's mission statement; overall strategies policies; strategic plans and policies for the individual divisions within the Economic Vitality Department (Economic Development, Tourism, Revitalization, and Business Services)
3. Performance Measures: Ways to track and measure the performance of the strategic plan in terms of the community's economic goals.

The appendices include a discussion of the background and history of the economic development program in Scottsdale (Appendix 1), an organizational chart of the Economic Vitality Department (Appendix 2), and a copy of the City's Economic Vitality Element of the General Plan (Appendix 3).

SECTION 1
CURRENT ASSESSMENT

CURRENT ECONOMIC INDICATORS

Demographics

Population

| <u>1975</u> | <u>1980</u> | <u>1985</u> | <u>1990</u> | <u>1995</u> | <u>2000</u> | <u>2005*</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 77,107 | 88,364 | 108,447 | 130,069 | 168,176 | 202,705 | 234,628 |

**Projected population*

Median Age

| <u>1990</u> | <u>1995</u> | <u>2000</u> |
|-------------|-------------|-------------|
| 39.1 | 39.7 | 41.0 |

Median Household Income

| <u>1990</u> | <u>1995</u> | <u>2000</u> |
|-------------|-------------|-------------|
| \$39,037 | \$48,319 | \$57,484 |

% of Adult Population With A College Degree

| <u>1990</u> | <u>2000</u> |
|-------------|-------------|
| 43.2% | 50.7% |

Ethnicity, %

| | <u>1980</u> | <u>1985</u> | <u>1990</u> | <u>1995</u> | <u>2000</u> | <u>2005*</u> |
|------------|-------------|-------------|-------------|-------------|-------------|--------------|
| White | 97.50 | 97.75 | 96.02 | 94.04 | 92.19 | 91.34 |
| Hispanic | 3.08 | 3.39 | 4.77 | 5.81 | 6.96 | 7.86 |
| African Am | 0.38 | 0.49 | 0.76 | 0.92 | 1.23 | 1.40 |
| Native Am | 0.42 | 0.40 | 0.61 | 0.59 | 0.61 | 0.70 |
| Asian/Pac | 0.72 | 0.93 | 1.23 | 1.60 | 2.04 | 2.30 |
| Other | 1.33 | 0.42 | 1.37 | 2.73 | 3.92 | 4.26 |

**Projected by the US Census*

Employment

Average %, Unemployment Rate

| <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2.5 | 2.6 | 2.1 | 1.9 | 2.1 | 1.9 | 2.8 |

Job Growth vs. Labor Force Growth vs. Population Growth

1990-1995
20.1% vs. 18.4% vs. 29.3%

1995-2000
19.8% vs. 18.6% vs. 20.5%

CURRENT ECONOMIC INDICATORS

Employment

Employment By Industry

| | <u>2000</u> | <u>2000</u> | <u>2010*</u> | <u>2010*</u> |
|---------------------------|--------------|-------------|---------------|--------------|
| | Employment | Percent | Employment | Percent |
| Agriculture | 1,918 | 1.50 | 2,225 | 1.40 |
| Mining | 122 | 0.10 | 123 | 0.08 |
| Construction | 7,077 | 5.50 | 7,938 | 5.10 |
| Low Tech Mfg | 2,985 | 2.30 | 3,639 | 2.30 |
| High Tech Mfg | 8,138 | 6.30 | 8,762 | 5.60 |
| Transport | 3,842 | 3.00 | 4,038 | 2.60 |
| Wholesale Trade | 6,674 | 5.20 | 8,378 | 5.40 |
| Retail Trade | 18,725 | 14.50 | 23,507 | 15.00 |
| Finance, Ins, Real Estate | 16,440 | 12.80 | 18,141 | 11.60 |
| Business Services | 26,848 | 20.90 | 36,081 | 23.10 |
| Health Industry | 12,785 | 9.90 | 14,934 | 9.60 |
| Hospitality | 14,652 | 11.40 | 17,900 | 11.40 |
| <u>Personal Services</u> | <u>8,446</u> | <u>6.60</u> | <u>10,600</u> | <u>6.80</u> |
| TOTAL | 128,652 | 100.00 | 156,267 | 100.00 |

*Source Gruen Gruen & Associates

Top 30 Employers

| <u>#</u> | <u>Company Name</u> | <u>Employees</u> | <u>#</u> | <u>Company Name</u> | <u>Employees</u> |
|----------|--------------------------------|------------------|----------|--------------------------------|------------------|
| 1 | Scottsdale Health System | 4,473 | 16 | Desert Mountain Properties | 650 |
| 2 | General Dynamics | 3,600 | 17 | Boulders | 650 |
| 3 | Mayo Clinic | 3,000 | 18 | Dial Corp | 600 |
| 4 | Scottsdale Unified School Dist | 2,700 | 19 | Scottsdale Plaza Resort | 600 |
| 5 | Advanced PCS | 2,700 | 20 | Pegasus Solutions | 600 |
| 6 | City of Scottsdale | 1,700 | 21 | Nordstrom | 541 |
| 7 | The Vanguard Group | 1,118 | 22 | Scottsdale Conference Resort | 540 |
| 8 | Scottsdale Princess Resort | 1,080 | 23 | Paddock Pools | 530 |
| 9 | Hickey Mitchell Insurance | 1,000 | 24 | Healthcare Delivery Systems | 510 |
| 10 | Scottsdale Insurance Company | 959 | 25 | Pitre Automotive Group | 475 |
| 11 | Hyatt Regency Gainey Ranch | 850 | 26 | United Blood Services | 450 |
| 12 | Wilson Electric Co., Inc. | 803 | 27 | JDA Software | 400 |
| 13 | United States Postal Service | 688 | 28 | Prudential Insurance/Financial | 400 |
| 14 | Rural Metro | 684 | 29 | Dillards | 400 |
| 15 | First Health Group | 680 | 30 | Robinson's-May | 400 |

Construction

Residential Units Permitted Annually

| <u>92/93</u> | <u>93/94</u> | <u>94/95</u> | <u>95/96</u> | <u>96/97</u> | <u>97/98</u> | <u>98/99</u> | <u>99/00</u> | <u>00/01</u> | <u>01/02*</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 3,628 | 4,595 | 5,013 | 4,633 | 4,447 | 5,104 | 4,423 | 4,134 | 3,293 | 2,002 |

*Note: As of May 2002

Residential Permit Valuation, in millions

| <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$542 | \$485 | \$635 | \$614 | \$601 | \$703 | \$764 | \$775 | \$650 | \$585 |

CURRENT ECONOMIC INDICATORS

Construction

Home Appreciation Rates, % change per YR, single family only

| | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| North Scottsdale | 2.2% | 3.3% | 3.6% | 3.9% | 4.3% | 5.0% | 5.9% | 6.3% |
| South Scottsdale | 1.7% | 2.6% | 3.5% | 4.4% | 5.3% | 6.6% | 7.1% | 7.0% |

Commercial Permit Valuation, in millions

| <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$62 | \$120 | \$121 | \$161 | \$178 | \$374 | \$645 | \$351 | \$255 | \$276 |

Total Assessed Value, in millions

| <u>92/93</u> | <u>93/94</u> | <u>94/95</u> | <u>95/96</u> | <u>96/97</u> | <u>97/98</u> | <u>98/99</u> | <u>99/00</u> | <u>00/01</u> | <u>01/02</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$1,379 | \$1,353 | \$1,399 | \$1,530 | \$1,592 | \$1,839 | \$2,102 | \$2,469 | \$2,878 | \$3,277 |

Vacancy Rates of Commercial Space

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002*</u> |
|------------|-------------|-------------|-------------|-------------|--------------|
| Office | 8.7% | 10.8% | 9.8% | 14.6% | 23.0% |
| Retail | 7.5% | 7.7% | 4.5% | 3.8% | 6.5% |
| Industrial | 5.3% | 9.8% | 7.0% | 3.7% | 8.4% |

*First Quarter 2002

Tourism

Room Stock

| <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 5,515 | 5,515 | 5,515 | 5,428 | 5,758 | 6,778 | 7,188 | 8,313 | 8,731 | 8,732 |

Annual Occupancy Rate

| <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 75.3% | 75.4% | 76.3% | 73.5% | 72.1% | 68.0% | 63.3% | 64.0% | 59.5% |

Annual Room Rate

| <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$103.74 | \$115.63 | \$123.28 | \$130.60 | \$136.25 | \$138.40 | \$136.56 | \$140.53 | \$143.34 |

Bed Tax Collections, in thousands

| <u>1992</u> | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| \$3,503 | \$4,154 | \$4,583 | \$5,185 | \$5,987 | \$6,623 | \$6,878 | \$6,626 | \$7,620 | \$7,277 |

City Revenue

Sales Tax Collections, in millions

| <u>92/93</u> | <u>93/94</u> | <u>94/95</u> | <u>95/96</u> | <u>96/97</u> | <u>97/98</u> | <u>98/99</u> | <u>99/00</u> | <u>00/01</u> | <u>01/02</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$39.1 | \$44.9 | \$52.2 | \$68.1 | \$75.7 | \$85.9 | \$98.3 | \$108.1 | \$113.5 | \$111.7 |

Property Tax Collections, in millions

| <u>92/93</u> | <u>93/94</u> | <u>94/95</u> | <u>95/96</u> | <u>96/97</u> | <u>97/98</u> | <u>98/99</u> | <u>99/00</u> | <u>00/01</u> | <u>01/02</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$14.7 | \$17.6 | \$19.9 | \$21.6 | \$24.4 | \$27.9 | \$29.7 | \$31.8 | \$31.7 | \$36.1 |

COMPETITIVE ANALYSIS

An important part of any strategic planning exercise is that of understanding a community's strengths, opportunities, and challenges. Strengths are those things that a community does well today. Opportunities are those things that the community could capitalize on in the future, while challenges are those things that may be problems or concerns in the future.

The following represents the results of this type of competitive analysis for Scottsdale:

Strengths

- Local educational system
- Demographics – high income, well educated citizens
- Image – seen as a good place to live, work, and visit
- Quality of the built environment – good design, attractive, minimal dilapidation
- Diversified economic base
- National and international name recognition – the Scottsdale “brand”
- Environmental ethics
- Arts/cultural base
- Location within the metro area – close to all major activities
- Housing market – high appreciation, good mix of product
- Preservation program for open space
- Parks system – Indian Bend Wash, for example
- Bio-medical – Mayo, Scottsdale Healthcare
- Shopping – wide variety, many unique retailers
- Night life – Valley wide draw
- Internationally recognized as a premier resort destination
- Golf courses
- Overall physical environment – setting, climate, mountains, Sonoran desert

Opportunities

- Central location within Valley – proximity to key areas (ASU, Sky Harbor, downtown Phx.)
- Growing prominence of technology and biomedical firms
- New office construction is occurring in north Scottsdale
- Continued focus on arts and cultural activities
- Economic base is becoming more diversified
- Land near Scottsdale Rd./Loop 101 – potential for signature projects
- Reputation as a restaurant/nightlife/entertainment center
- Tourism industry reinventing itself – new focus on cultural tourism, for example
- Accessibility provided by completion of Loop 101
- Increasing land/property values (residential and commercial) – greater propensity to re-invest (remodeling, improvements)
- New Genomics facility coming to Valley
- Focus on smaller, existing businesses – looking at ways to help, such as regulatory changes designed to make revitalization easier
- Mature core areas (downtown, south Scottsdale) provide a good “base” to undertake major new revitalization activities – can create a very special place
- Quality of life factors are playing an increasingly important role in locational decisions

Challenges

- More expensive than other Valley cities – especially in terms of real estate

- Traffic congestion
- Few corporate headquarters
- Affordable housing
- Lack of architectural uniqueness
- Cost to provide basic services (i.e. parks, schools) in time of decreasing revenues
- Growth related issues
- City is approaching buildout – lack of available land for new development opportunities
- Commercial core changes in mature parts of the community – potential loss of key economic drivers and revenue sources
- Attractive opportunities just outside borders – Desert Ridge, SRIC, Rio Salado
- Perception of a “north-south” divide
- State budget issues – potential cuts in shared revenues
- Failure of State to deal with major issues, such as education
- Use of Scottsdale name outside of corporate limits (85254 zip code)
- Regional issues – traffic, air pollution
- Sales tax based fiscal revenue model
- Cost of replacing and upgrading aging infrastructure
- Growth of the Valley
- Changing demographics
- Regional competition
- Flexible vs. stringent design, land use, and signage regulations

FUNDAMENTAL STRUCTURAL CHANGES

Over the past decade, and especially so during the past few years, the community's attitudes about growth and development have been changing. There have been a number of structural changes in the community – economic, political, environmental, physical, social – which means that the economic development strategic plan that was appropriate ten years ago may no longer be the best fit for Scottsdale today.

Some of the fundamental shifts and changes that have and are occurring, which suggest the need to develop a new economic strategy today include:

- Approaching Buildout: Scottsdale is rapidly approaching the point of buildout of the community based on undeveloped lands available. Key commercial cores, such as the Airpark, are about built out, and full residential buildout is anticipated within the next decade. As a result, the economic base that has been predicated on growth will have to change, and focus needs to shift from new development to redevelopment, reinvestment, and revitalization.
- Policy Changes: A number of key policy changes have occurred on the local, regional, and state levels. Initiatives such as the State of Arizona's "Growing Smarter" program, the City's aggressive preservation program, and other local policy initiatives all are having an impact of the way we do economic development.
- The New Economy: Technological changes today are creating a revolution in business, which will likely have the same impact on the world as the Industrial Revolution or the invention of electricity. It is not necessarily about technology companies, but rather how all industries and businesses can use technology to grow and change. Obviously, one of the keys here deals with access to infrastructure – especially telecommunications – which will help improve competitiveness and deal in the new and growing world economy.
- Quality of Life – Business Perspective: Since technology is rapidly changing locational decision-making factors (most businesses are no longer dependent on access to materials, markets, transportation, etc.), the key factor for most new business decisions now tends to be the quality of life of an area. Businesses have the ability to locate nearly anywhere today, so they choose to do so where they can get the best employees (workforce development) and the best quality of life for their employees.
- Quality of Life – Resident Perspective: The residents of Scottsdale are very focused on quality of life issues – both in terms of the desire to increase those factors seen as improving their quality of life, as well as trying to mitigate or eliminate negative factors. Impacts resulting from significant commercial development, such as increased traffic congestion, are under greater scrutiny from the residents. This has resulted in the desire to better balance economic sustainability with other key factors.
- Changes in Revenue Streams: Scottsdale is very dependent upon sales tax revenues. It is therefore very important to consider the implications of changing economic forces which will impact those revenues. Sales via the internet may reduce Scottsdale's ability to fund key programs. Additionally, as we shift away from an economic base which has been focused on new construction, the 20%+ of our sales tax revenues from construction will also diminish, and will likely cause major impacts. The community is also faced with market changes and increasing competition from other parts of the Valley.
- Evolving Partnerships: The City's relationship with outside agencies and organizations involved in economic development has evolved over the years. Partnerships, in general, are becoming more important to communities to deal with regional issues. There are a number of existing and

potential partners that can assist with the community's economic success through cooperative relationships.

- Regionalism vs. Parochialism: Partnerships and regional solutions are seen as a key factor in solving many of the problems facing our community today. We can no longer “go at it alone”, but rather must cooperatively work with our neighbors and partners to solve issues. Partnerships are one of the key factors in the New Economy as well.
- Changing Regional Economic Development Strategies: Since Scottsdale is part of a much larger regional system, we must take into account the economic development strategies that the region and the State are focusing on, and find ways to take advantage of those strategies. The Greater Phoenix Economic Council (GPEC) has recently adopted a new regional strategy, which identifies 5 key industry clusters as the priorities for the region's economic development activities over the next decade. These clusters are:
 - Aerospace/Aviation
 - Advanced Financial and Business Services
 - Bio-Industry
 - High Technology
 - Software

These and other factors are rapidly changing the fundamental premises under which our current economic development strategy was created. Therefore, it is important to consider the ways in which our economic development efforts can take advantage of the rapid changes that are occurring, in order to maintain the strong economic competitive advantage that we enjoy today.

ECONOMIC VITALITY DEPARTMENT

As the first step in this evolutionary process, the City created a new Economic Vitality Department in July 2001. The concept was to focus all areas of the community's efforts to create long-term economic sustainability within a single area, in order to better coordinate and direct activities. The Economic Vitality Dept. includes 4 key divisions:

- Economic Development: Responsible for job creation, revenue enhancements, quality of life enhancements, and general economic research.
- Tourism Development: Responsible for the City's tourism development program, including support of signature events, development of destination attractions, visitor marketing, and tourism related research.
- Revitalization: Responsible for enhancing the mature areas of the community, with particular focus on downtown and the McDowell corridor, through revitalization and redevelopment activities.
- Business Services: Responsible for the retention and expansion of existing businesses in the community, with particular focus on small businesses.

While each area has its own responsibilities, there is significant crossover among these divisions due to the complexity of economic vitality efforts. For example, the redevelopment of the Valley Ho hotel would cover aspects of all four areas; the new project will generate significant new tax revenues for the City (Economic Development), it clearly is related to the tourism industry (Tourism Development), it is a redevelopment project within our downtown (Revitalization), and it involves an existing business (Business Services). The coordination necessary to deal with this overlap helps to ensure that the overall long-term goals of the community remain the key goal of these efforts.

Appendix 2 shows the current organizational structure and personnel of the Economic Vitality Department.

SECTION 2

ECONOMIC VITALITY STRATEGIC PLAN

ECONOMIC VITALITY GOALS AND STRATEGIES

Based on the current economic indicators and trends, the assessment of the City's competitive position, and an understanding of some of the key fundamental structural changes the City is facing, the following Economic Vitality Mission Statement and Goals and Strategies have been developed for City Council consideration. There are 5 overall Goals and Strategies, which encompass all facets of the Economic Vitality functions, along with a series of Division specific Goals and Strategies for each of the 4 Economic Vitality Department divisions (Economic Development, Tourism, Revitalization, and Business Services).

Economic Vitality Mission Statement:

"To enhance the economic well-being and quality of life of the community and its residents."

Overall Economic Vitality Goals and Strategies

While each of the Economic Vitality Department's four divisions will have specific responsibilities and strategies, there are a number of overarching strategies which will provide the focus for the City's overall economic vitality strategies. The following is a summary of these overall strategies for the Economic Vitality program in Scottsdale:

Goal EV1 FOCUS ON QUALITY OF LIFE

The ultimate goal of providing for long term economic sustainability must always be keyed to the concept of enhancing the quality of life of the residents of the City. Certainly, insuring the community provides for the direct economic health its citizens through such factors as good jobs, low taxes, and a high level of public services is a key factor in the quality of life of an area. However, if a strong economic base results in significant negative impacts on an area – such as traffic congestion, environmental degradation, or the loss of open space – then the residents' quality of life may be no better than an area with a weak economic base. Finding ways to balance the economic health of Scottsdale with other key quality of life factors is a critical component of the City's economic vitality strategy.

Strategy EV1.1 Focus efforts in all areas on attracting the highest quality economic activities – high wages, desirable businesses, etc. – with quality, rather than quantity, being the ultimate goal.

Strategy EV1.2 Measure and work to mitigate any negative impacts of new economic vitality projects with a particular focus on key citizen concerns, such as transportation.

Strategy EV1.3 Work to attract businesses which will not only provide good jobs and tax revenues, but who will also serve to enhance the community through their operations. Businesses that improve the community's educational, cultural, recreational, medical, etc. offerings should be actively pursued.

Strategy EV1.4 While the tourism industry is critical to the overall economic base of the community, it also provides many positive amenities for the community – attractive resorts, golf, high quality restaurants and shops, events and attractions, etc. Continue to work to insure that the tourism industry benefits the overall quality of life of the community.

Goal EV2 IMPROVE PARTNERSHIPS

The City cannot achieve its economic vitality strategies in a vacuum. It is critical that coordinated and cooperative relationships be fostered, so that the City can best work with all parties involved in the ultimate goal of providing for long term economic sustainability. This will involve working with other public agencies (at the State, regional, and local levels) and with the private sector.

Strategy EV2.1 Reach out to all adjacent neighboring communities – Phoenix, Tempe, Paradise Valley, Carefree, Cave Creek, Fountain Hills, and the Salt River Pima Maricopa Indian Community – to understand their economic development strategies and to develop areas of common interest for mutual benefit.

Strategy EV2.2 Actively participate in the Greater Phoenix Economic Council (GPEC) to provide for regional coordination of economic development strategies, marketing, and image building.

Strategy EV2.3 Coordinate with other local and regional public agencies – such as local school districts, Arizona State University, the State Department of Commerce, and the Maricopa Association of Governments (MAG) – to insure mutual understanding and coordination on issues of mutual interest.

Strategy EV2.4 Reach out to the private sector – such as the Scottsdale Chamber of Commerce, the Scottsdale Convention and Visitors Bureau, the Arizona Technology Council, Valley Partnership, etc. – in order to insure that the business community understands the City's/resident's interests, and that the City understands business interests, in order to better coordinate activities.

Goal EV3 BE THE BEST SOURCE OF ECONOMIC INFORMATION

An important component of any economic strategy is that of understanding key fiscal and economic trends and indicators. In order to do that, one needs comprehensive and current economic data. The Economic Vitality Dept. will continually strive to be the best source of economic information, so that sound and thoughtful policy decisions can be made.

Strategy EV3.1 Work with all sources of key secondary research data (such as ASU, Arizona Dept. of Economic Security, U.S. Census Bureau, local real estate companies) to understand what information about Scottsdale is available, and then to make relevant data available to the community as soon as possible.

Strategy EV3.2 Where relevant sources of secondary data are not available, seek ways to provide that information directly through primary research methods in house.

Strategy EV3.3 Share key data and trends throughout the entire organization on a timely basis, and insure that the key economic/fiscal impacts of City decisions are understood.

Strategy EV3.4 Make key data and trends easily accessible to citizens and private sector stakeholders through a variety of electronic and written venues.

Goal EV4 ENHANCE COMMUNICATIONS

The success of any economic development strategy is predicated on communication with all stakeholders. In addition to the City Council and the staff, it is important to communicate directly with organizations, the private sector, and citizens. A process of regular communication and education about key issues is critical to the success of the overall strategy.

Strategy EV4.1 Economic Vitality staff will provide regular updates to the City Council and other City departments on current projects and ongoing activities.

Strategy EV4.2 Economic Vitality staff will actively participate in appropriate community and regional organizations, such as the Greater Phoenix Economic Council, the Scottsdale Area Chamber, the Arizona Department of Commerce, and the Arizona Association for Economic Development.

Strategy EV4.3 Economic Vitality staff will develop and carry out a program of both internal and external awareness about the role and importance of economic sustainability for the community, and continue to respond expeditiously to requests from citizens and private sector stakeholders for economic information.

Goal EV5 SUPPORT PRIVATE INVESTMENT CONFIDENCE IN SCOTTSDALE

The City of Scottsdale alone cannot create long-term sustainability for the community; it can only create an environment that supports and maintains the confidence of the private sector to invest in the community. The private sector is a critical component in an area's economic health, through investment or reinvestment in real estate, the creation of jobs, etc. The City needs to take a series of deliberate, proactive, and targeted actions which will create the confidence by the private sector that this is a safe and desirable area for investment.

Strategy EV5.1 To understand the implications of its policies and actions, the City will communicate to its stakeholders about these policies and actions and explain how they relate to the community's long-term economic sustainability.

Strategy EV5.2 The City must insure that its limited resources (both operating funds and capital improvement funds) are spent in a strategic and targeted way so as to maximize and leverage private sector investment in the community; City investments should undergo a cost-benefit analysis to determine the types of investments that create the greatest benefit in terms of the community's long term sustainability.

Economic Development Division Goals and Strategies

Economic Development Division Mission: To enhance the economic well-being and quality of life of the community and its residents by providing quality, useful information and responsive, effective services to targeted employers and revenue generators interested in building or expanding in Scottsdale.

Goal ED1 REVENUE ENHANCEMENT

Expand and maintain significant sales tax revenue generators for the city through the enhancement of retail sales based businesses.

Strategy ED1.1 Recruit and encourage development of new retail facilities that augment and diversify the range of shopping opportunities for citizens and visitors, and which provide net new revenues to the community. Assist those retailers with City processes.

Strategy ED1.2 Market Scottsdale directly to new retailers and retail developers and respond to inquiries and requests from such. Conduct research to support the strength and desirability of the Scottsdale market and selected locations for retail use in the community.

Strategy ED1.3 Cooperate and communicate with business and real estate community and interest groups regarding retail development issues. Network with membership of ICSC and other major retail trade organizations, retail brokers, property managers, and retail developers

Strategy ED1.4 Work with the owners and developers of the Scottsdale Rd./Loop 101 development, and with the State Land Department on viable retail vision for Core South.

Strategy ED1.5 Support and provide market information to existing retailers. Support the expansion and/or renovation of existing retailers, and assist those retailers with City processes.

Goal ED2 TARGETED EMPLOYMENT CREATION

Market and recruit targeted employers and support entrepreneurs and existing businesses, in order to provide sustainable employment opportunities in Scottsdale. Assure that new employer's pay scale accommodates working and living in Scottsdale. Continue Scottsdale's history as a net importer of jobs.

Strategy ED2.1 Work with key local and regional employment recruitment organizations (Scottsdale Area Chamber, Greater Phoenix Economic Council, Arizona Department of Commerce) and private location consultants on the recruitment of new, targeted, value added employers.

Strategy ED2.2 Focus attraction efforts on smaller to mid-sized companies, that generate high wages, and provide minimal negative community impacts (i.e. traffic, environmental issues). The specific targets shall include corporate and regional headquarters, high-tech and biotech research/development/administration, administrative headquarters, and business and professional services.

Strategy ED2.3 Work with Chamber and GPEC on the recruitment of direct and appropriate support businesses for targeted Clusters of biotech, aerospace, business services and high tech. Examine and refine targeted industry list with key stakeholders.

Strategy ED2.4 Work internally and externally on commercial development policies, processes, issues and telecommunications infrastructure.

Strategy ED2.5 Assist new employers with City processes.

Goal ED3 INFORMATION RESOURCE

Provide high quality, accessible market information on the Scottsdale market and Scottsdale development initiatives.

Strategy ED3.1 Regularly update, post on the web and print economic, retail, demographic and tourism related data.

Strategy ED3.2 Provide specific market and policy research support in response to requests as deemed appropriate to internal and external clients.

Strategy ED3.3 Create database of information on select targeted employers and sustainable clusters.

Goal ED4 ECONOMIC SUSTAINABILITY POLICY

Be an advocate for the development and support of key economic sustainability actions and policies that effect Scottsdale, metro Phoenix and Arizona.

Strategy ED4.1 Cooperate and build relationships with organizations and individuals that effect economic sustainability in Scottsdale, metro Phoenix and Arizona through policy, physical growth, infrastructure, decision making and marketing.

Strategy ED4.2 Identify and support critical economic sustainability related issues at local, metro and state levels.

Strategy ED4.3 Work with the technology related organizations on the development and promotion of technology, biotechnology base and associated telecommunications infrastructure in Scottsdale, metro Phoenix and Arizona.

Economic Development Work Plan Actions 2002-2004

WPA ED 1 Work with the Arizona State Land Department and the developers of the Corrigan-Marley property at Scottsdale Rd. and Loop 101 to develop a signature mixed use project by 2005 for this last significant commercial core area of the community.

Ongoing

WPA ED 2 Analyze requests for and appropriateness of sales tax rebates or other types of incentives from the City for key retail projects; determine if the City needs to adopt a formal policy regarding the use of incentives.

Incentives White Paper to Council: Dec. 2002

WPA ED 3 Provide ongoing assistance and support through administrative and development processes to new, existing and expanding commercial development in Scottsdale

Ongoing

WPA ED 4 Work with at least 25 targeted business prospects, and successfully attract at least 10 new targeted businesses employing at least 1,000 persons at an average salary level of \$60,000 per year, in each of the next two fiscal years. Key targets include corporate and professional headquarters, biotechnology, high tech research and development, and business services.

Ongoing

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| WPA ED 5 | Provide input and market oriented strategic thinking to the development of the proposed Office Development Guidelines for Scottsdale and to other guidelines impacting commercial development in Scottsdale | 3rd Quarter FY02/03 |
| WPA ED 6 | Continue to team with Information Systems staff to find creative ways to develop and enhance telecommunications infrastructure in Scottsdale, such as the use of City sewer lines for fiber optic cables. | Ongoing |
| WPA ED 7 | Team with the State Department of Commerce, MAG, GPEC and the Scottsdale Chamber of Commerce in their efforts to identify and enhance opportunities for targeted industries/clusters specific to Scottsdale | 1st Quarter FY03/04. |
| WPA ED 8 | Create and publish electronic and printed versions of the revised Scottsdale Community Profile | Jan. 2003 |
| WPA ED 9 | Develop and maintain a database of technology and biomedical related companies in Scottsdale. | 3rd Quarter FY02/03 |
| WPA ED 10 | Work with the Arizona Technology Council, Arizona State University, the Tech Oasis, and other technology related organizations on the development and promotion of the technology and bio-technology base and associated infrastructure in Scottsdale, metro Phoenix and Arizona. | Ongoing |
| WPA ED 11 | Update and expand as appropriate, all key Economic Vitality reports, including the "Economic Trends", "Demographic Trends", and "Retail Trends" reports, on an on-going basis, and publish them both in printed and electronic formats. | Ongoing |

Tourism Development Division Goals and Strategies

Tourism Development Division Mission: To enhance the economic well-being and quality of life of the community and its residents by strengthening the local tourism industry through a comprehensive tourism development program of tourism research, marketing and promotion, support of special events, and the development of destination attractions and tourism infrastructure.

Goal TD1 UNDERSTAND THE MARKET

The foundation for any tourism development program is a good understanding of the demographic profile, the interests, and the motivations of the visitor to the community. Detailed research on the visitor and their impact on the community is a critical component of an effective tourism program.

Strategy TD1.1 Identify, in conjunction with the Scottsdale Convention and Visitors Bureau (CVB), key research needs relating to the Scottsdale visitor, including their characteristics and motivations for coming.

Strategy TD1.2 Track Scottsdale hotel performance and benchmarks with our competitive set through in-house research and through the Smith Travel/Warnick & Associates Scottsdale Lodging Market Report.

Strategy TD1.3 Monitor the performance of major special events in the community through event intercept studies, in order to better understand event attendees' motivations and impacts.

Strategy TD1.4 Every 5 years, prepare a Hospitality Marketing Strategy in order to provide strategic marketing direction for the CVB to attract high value tourists to the community, and to provide the Tourism Development Commission with strategic product development direction.

Goal TD2 SUPPORT SPECIAL EVENTS

Special events are one of Scottsdale's most important tourism marketing tools; events such as the Phoenix Open, the Barrett Jackson Auto Auction, the All Arabian Horse Show, and the Fiesta Bowl, not only attract significant numbers of visitors to the area, but also provide valuable exposure to potential visitors through their media coverage.

Strategy TD2.1 Over the next year, the Tourism Development Commission will undertake a major analysis and discussion of potential changes to special events fund allocation structure, subsidy policies, and methods for supporting major signature events, as well as start-up events and community events.

Strategy TD2.2 In the interim, continue to support the major events in the community through the current process, including the event application, analysis, and evaluation phases.

Goal TD3 DEVELOP NEW DESTINATION ATTRACTIONS

The development of new destination attractions that are in keeping with the character of the community, and which are consistent with the industry's major "drivers" or themes (golf, western, art/culture, culinary, and participatory sports) to help broaden the market, and provide additional reasons for visitors to choose Scottsdale as their destination of choice.

Strategy TD3.1 Leverage public funds to facilitate the development of key new attractions that are in keeping with the character of the community and the existing tourism industry – proposed attractions include the Frank Lloyd Wright visitor center at Taliesin West, the Desert Discovery Center, the Air Museum, and the Canal Bank project.

Strategy TD3.2 Work with the private sector to encourage the development or revitalization of destination attractions.

Strategy TD3.3 Work with other public agencies on the development of major attractions outside of the community that will serve to attract new visitors to the market area – such as the expansion of the Phoenix Civic Plaza.

Goal TD4 STRATEGICALLY MARKET AND PROMOTE THE COMMUNITY

Work with the Scottsdale Convention and Visitors Bureau to find ways to maximize the limited bed tax dollars available for destination marketing to attract our targeted visitor.

Strategy TD4.1 Contract with the Scottsdale CVB for destination promotional activities; insure that the contract is properly administered, monitored, and evaluated.

Strategy TD4.2 Develop and monitor a new “cultural tourism” program, to be carried out jointly by the Scottsdale CVB and the Scottsdale Cultural Council.

Strategy TD4.3 Leverage the City’s resources with those of the private sector, other agencies and organizations (i.e. Town of Paradise Valley, Arizona Office of Tourism) to maximize the region’s exposure.

GOAL TD5 EXPLAIN THE VALUE OF TOURISM

The residents tend to complain about “snowbirds” and their perceived impacts on the community. It is important to insure that the community understands the tremendous value that the tourism industry provides to Scottsdale, not only in terms of economic and fiscal benefits, but also in terms of quality of life enhancements.

Strategy TD5.1 Develop a comprehensive analysis of the benefits of the tourism industry on the community.

Strategy TD5.2 Find ways to continually make the community understand those benefits through a comprehensive communications program.

Strategy TD5.3 Insure that the impacts of key policy decisions on the tourism industry are understood, so that both positive impacts (i.e. preservation program) and negative impacts (i.e. traffic congestion) are defined.

Tourism Development Work Plan Actions 2002-2004

WPA TD 1 Review and analyze all recent and recurring research projects to determine their value and to understand any potential modifications that would enhance our understanding of the local tourism market. **3rd Qtr FY02-03**

WPA TD 2 Work with the Scottsdale CVB to evaluate the conclusions from the “Meeting Industry Market Analysis and Research” report and the “Visitor Inquiry Study”, and to implement agreed upon changes and recommendations **3rd Qtr FY02-03**

WPA TD 3 Facilitate a discussion by the City’s Tourism Development Commission addressing:

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| | <ul style="list-style-type: none"> a.) the overall structure, policies, and processes for the City's Special Event funding program. b.) consideration of a variety of potential modifications to the program, such as destination marketing options, rather than individual event marketing c.) the potential of funding facilities/venue enhancements in lieu of marketing specific events. | 2nd Qtr FY02-03 |
| WPA TD 4 | Bring to fruition at least one major new destination attraction development agreement per year in each of the next two years. Particular emphasis will be placed on securing new attractions consistent with the key tourism market drivers. | 4th Qtr FY02-03 4th Qtr FY03-04 |
| WPA TD 5 | Work closely with the Scottsdale CVB and the Scottsdale Center for the Arts on the new "cultural tourism" initiative. Prepare an analysis of the program's cost/benefit for its inaugural year. | 4th Qtr FY02-03 |
| WPA TD 6 | Recruit and hire a new City Tourism Manager. | 2nd Qtr FY02-03 |
| WPA TD 7 | Develop a new comprehensive Economic and Fiscal Analysis of the Scottsdale tourism industry which will specifically address the net overall benefits of the tourism industry to the City and the community as a whole. | 1st Qtr FY03-04 |
| WPA TD 8 | Ensure that Scottsdale remains competitive in the hotel market by assisting existing hotel owners on the expansion and renovation of their facilities by providing targeted research, guidance and support through administrative and development processes, and assistance in securing necessary financing. Current projects include the renovation of the Valley Ho, and the expansion of the Fairmont Princess. | Ongoing FY02-03 and 03-04 |
| WPA TD 9 | Closely monitor the impact to Scottsdale (both positive and negative) of new mega-resorts just outside the corporate limits – Westin Kierland and Marriott Desert Ridge – and develop ways to enhance the positive impacts to the Scottsdale community, such as finding ways to encourage the patrons of those properties to shop and eat in Scottsdale. | 3rd Qtr FY 02-03 |

Revitalization Division Goals and Strategies

Revitalization Division Mission: To enhance the economic well-being and quality of life of Scottsdale by encouraging continued reinvestment in the mature areas of the community in both commercial and residential properties through private entities and/or private/public partnerships.

Goal R1 ENCOURAGE REVITALIZATION IN MATURE AREAS OF SCOTTSDALE

To provide information and support to private sector entities interested in investing in existing facilities, where such projects enhance the revitalization of the mature areas of Scottsdale.

- Strategy R1.1 Seek out new tools and best practices to support revitalization and reinvestment within mature areas. Act as an advocate, where appropriate, with City Council and the state legislature to make such tools available for use in Scottsdale.
- Strategy R1.2 Create a program for assisting small business and property owners in reinvesting in their properties where such efforts enhance the revitalization of the mature areas of Scottsdale.
- Strategy R1.3 Support business and property owners within mature areas in their efforts to lease or improve their properties by acting as a resource on revitalization programs and guide and advocate through the city approval processes.
- Strategy R1.4 Act as a resource within the community regarding revitalization and redevelopment nationally through research and participation in various redevelopment associations.
- Strategy R1.5 Create a database of development and remodeling projects in the mature areas of Scottsdale that provides factual information on the location, timing, process, and investment of those projects. Circulate key data on these projects to enhance the positive discussion of revitalization within the community.

Goal R2 ENCOURAGE REDEVELOPMENT FOR INFILL PROPERTIES

To encourage private development of new commercial uses and residential communities on vacant or obsolete properties in our mature areas of Scottsdale that will support the surrounding business community.

- Strategy R2.1 Support property owners and developers working to create new projects in our mature areas by acting as a resource and advocate through the city approval processes. Focus on key projects and areas (i.e. Los Arcos, Smitty's, downtown).
- Strategy R2.2 Seek out investors willing to develop new commercial uses, community, and residential communities within the mature areas of Scottsdale and work cooperatively with area real estate specialists to support their efforts to locate an appropriate location for their development.
- Strategy R2.3 Work with City staff to find ways to minimize the cost and length of city entitlements and requirements that impact the opportunities for new development and revitalization efforts in the mature areas of our community.
- Strategy R2.4 Look for opportunities to create public/private partnerships within the Redevelopment Areas that would enhance the economic vitality of these areas using available federal, state and city resources. Strategically target City investments on those projects most likely to have a positive impact on large areas (i.e. McDowell streetscape project).
- Strategy R2.5 Add housing development as a component of the revitalization program. The addition of significant new housing opportunities will help to expand the market for other

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| Goal R3 | <u>PROVIDE PROJECT MANAGEMENT FOR PUBLIC REVITALIZATION PROJECTS</u> Working within the Redevelopment Areas of Scottsdale, act as the Project Manager to bring to fruition key public projects of all sizes that can effect perception and investment in those sections of the community. |
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Strategy R3.2 Work with Planning Systems and the Citizen and Neighborhood Resources to bring potential Revitalization projects to the Council and community's attention, and through this process determine the direction/masterplan for any such projects.

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| Goal R4 | <u>ENSURE BALANCE IN CITY FUNDED PROJECTS</u> | |
| | <p>To ensure that City's budget and funding from various sources or for various programs reflects a balance of funding for the mature sections of our community.</p> | |

Strategy R4.2 Advocate and coordinate funding efforts for revitalization and redevelopment programs and projects that may come from any City source such as the General fund or Economic Stabilization fund.

Revitalization Work Plan Actions 2002-2004

WPA R 2 Establish a Revitalization Project Database to track new development and reinvestment projects south of Chapparral. Create a formal quarterly report on these private and public activities. Work with Planning and CAPA on a concentrated approach to providing updated, positive information to the Council, media, and public activity in the mature areas of Scottsdale for an outreach program to give positive information to the public. May require additional CAPA personnel resources.

Database/Report Creation: January 2003
Outreach Delivery Set Up: March 2003
Update on Quarterly Basis: Ongoing

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available data on parcels. Explore with local real estate community on how this tool might be used in conjunction with their work and businesses looking to locate in the mature areas of Scottsdale. Determine the feasibility of the City taking the lead on providing this database, the hours required for set up and on-going maintenance, possible funding, and implementation timeline. If feasible, then look to create position and funding for the personnel to provide the services.

Feasibility Analysis 2nd Quarter FY03/04

WPA R 4 Create a program with City engineering staff that would facilitate undergrounding and upgrading utilities in mature areas through public/private partnerships with property owners and utility companies.

Program Creation 1st Quarter FY03/04
Implementation 3rd Quarter FY03/04

WPA R 5 Create, with the real estate community, housing opportunities on privately owned infill sites, and potentially on city-owned vacant properties (such as the old Smitty's site, the former Boys and Girls Club/stadium site, the south corporation yard) that will enhance revitalization efforts of a neighborhood. Recommend changes to the zoning code and other city design criteria that will encourage the creation of smaller townhome, patio home, apartment, condominium or small lot single family projects. Facilitate changes with Planning Systems. Select 1-3 residential infill projects with private developers to work as examples for innovative housing for these types of sites.

Smittys Site: Development Agreement June 2003
Stadium Site during FY03/04
1st Private Infill Project Preapp 2nd Quarter FY03/04

WPA R 6 Develop a program to help finance physical improvements to older commercial properties (façades, walkways, landscape, streetscapes, signage) on a coordinated basis with the Business Services division. Revitalization will take the lead in looking at opportunities along major corridors outside of Downtown, such as working with property and business owners along the McDowell Road corridor, while Business Services will take the lead on Downtown areas. Implementation through CPM and individual property owners.

Planning & design by 4th Quarter FY02/03
Begin implementation 2nd Quarter FY03/04

WPA R 7 Develop a program to acquire key infill properties and do initial site preparation work to prepare property for development. This program would use Economic Stabilization funds and would be used for projects that could jump start revitalization in strategic sections of the community.

Program Development 3rd Quarter FY03/04

WPA R 8 Recruit a viable development group and project through an RFP process for city-owned property at McDowell and Granite Reef (old Smitty's site), to present to Council for development agreement approval.

June 2003.

WPA R 9 As Project Manager for McDowell and Granite Reef Road site:

1. Work with CPM and Senior Center staff to bring Senior Center complex forward and to integrate with private development plans onsite.
2. Work with Planning and CPM on McDowell Road streetscape improvements and perimeter site improvements, from overall plan upgrade through construction documents

December 2002 – December 2003

Business Services Division Goals and Strategies

Business Services Division Mission: To enhance the economic well-being and quality of life of the community and its residents by assisting in the retention and expansion of the existing business base, preserving employment, maintaining and expanding the tax base, and reinforcing the positive economic environment of Scottsdale.

Goal B1 ISSUES IDENTIFICATION AND ASSISTANCE

Develop an understanding of short and long-term issues affecting small and large companies and act on those issues for the mutual benefit of the community and businesses

Strategy B1.1 Conduct 'Business Contacts' and 'Business Link' program with at least 100 companies citywide per year. These programs involve small teams of City representatives. The purpose of the visits is to thank companies for doing business in Scottsdale, learn about their thoughts on business trends and issues, and respond to questions related to City government.

Strategy B1.2 Meet on a regular basis with small business groups like the Gallery Association or Old Town Merchants Association and with individual businesses on urgent matters affecting business performance and operations.

Strategy B1.3 Create and implement quarterly workshops and training sessions focused on small business topics such as how to work with the City of Scottsdale, how to open a business in Scottsdale, and trends in small business retailing. Coordinate these programs with other City departments and non-city agencies.

Goal B2 BUSINESS INFORMATION DATABASE

Create and maintain a business information database for existing Scottsdale businesses that can be used for research, trend analysis, business community composition and other efforts concerning the existing business community in Scottsdale

Strategy B2.1 Create an online information database for small businesses, including information on doing business in Scottsdale and links to other agencies and organizations that support small business

Strategy B2.2 Develop information on business trends and market opportunities. Share this information with property and business owners to assist them in making informed choices about potential business opportunities. This information can also be utilized by the City to determine key market trends, understand issues, and develop policies related to reinvestment.

Goal B3 STIMULATE REINVESTMENT

Evaluate investment opportunities in mature commercial areas and propose projects and programs that may stimulate public and private reinvestment - emphasize coordinated public and private efforts.

Strategy B3.1 Evaluate the creation of Enhanced Reinvestment in Business Neighborhoods (ERBN) program, which would target and accelerate the City's investment in public infrastructure and revitalization efforts on key business areas, especially those with the potential for significant private investment and cooperative business relationships.

- Strategy B3.2 Institute a program of public area infrastructure improvements under the ERBN program, which complement private investment in Downtown and the McDowell Road Corridor.
- Strategy B3.3 Propose cooperative relationships between existing businesses, property owners, and the city to generate economic and quality of life benefits for each including things such as sharing market information, establishing open forums for discussing business issues, reviewing existing and proposed City regulations.
- Strategy B3.4 Evaluate and implement potential assistance programs such as Façade Improvement projects that will improve the physical and visual environment in mature commercial neighborhoods.

Goal B4 DEVELOP STRATEGIES FOR KEY BUSINESS AREAS

Develop mid and long term strategies and projects to deal with issues that require significant time or resources to resolve. Focus on Enhanced Reinvestment Business Areas without excluding other business areas of the city.

- Strategy B4.1 Monitor the use and impact of City and other regulations as they relate to small businesses. Identify elements of existing rules and policies that support business. Propose modifications, replacement or elimination of rules as appropriate to avoid negative impact upon successful business operations, while taking care to protect the quality of life of the community.
- Strategy B4.2 Identify critical business issues in existing Enhanced Reinvestment in Business Neighborhoods – such as the McDowell Corridor, Downtown, and south Scottsdale Road, and other areas as appropriate. Define issues and policies affecting these areas. From this process propose projects and programs that respond to the needs of each area.
- Strategy B4.3 Work directly with existing businesses on a range of City related issues, such as how to secure a building permit, or how to compete for City of Scottsdale bids. Coordinate these efforts with other City staff members.
- Strategy B4.4 Establish programs such as a 'Genuine Scottsdale Business' that let the shopping public easily identify those businesses that are physically located in the City rather than having only a Scottsdale mailing address.
- Strategy B4.5 Coordinate strategy development and implementation with other city departments, including the design and development of reinvestment projects.
- Strategy B4.6 Work with property and business owners in organizing investment strategies that will encourage significant reinvestment in Enhanced Reinvestment Areas.

Work Plan Strategies 2002-2004

- WPS B 03.1 Organize the Enhanced Reinvestment in Business Neighborhood program through a cooperative process with other City departments. Initial focus will be on Downtown Scottsdale. **Initiate November 2002**
- WPS B 03.2 Evaluate additional potential business neighborhoods for inclusion in the ERBN program and select three neighborhoods for program implementation, prioritizing the selections. After prioritization is set identify a variety of public and private resources that may be applied to the issues associated with the selected business neighborhoods. Meet with City departments, lenders, property owners and others to determine what resources are available. **Identify priorities by Dec. 2002**

- WPS B 03.4 Using Economic Stabilization Funds conduct at least one market study per ERBN area to identify potential business types that would be appropriate to the market area served.
Begin first study Feb. 2003
- WPS B 03.5 Identify specific physical improvement projects in selected ERBN project areas that can be used to support improvement of the business environment in the area. Work with City departments to schedule the implementation of the improvements to coincide with other strategic business enhancement efforts. As appropriate use Economic Stabilization Funds to add critical elements to program packages.
Ongoing
- WPS B 03.6 Create '**A Genuine Scottsdale Business**' program to promote purchasing goods and services from businesses located within the City's boundaries. Coordinate the use of the program with businesses throughout the City. Design the program in cooperation with Scottsdale businesses. Prepare a promotional effort to identify its availability to businesses located in the City.
Program Design by 4th Quarter FY02/03
Begin implementation 1st Quarter FY03/04
- WPS B 03.7 Prepare additional materials on opening and operating businesses in Scottsdale and add them as appropriate on the Economic Vitality web page. Use them as a basis for presentations on doing business in Scottsdale.
Ongoing updates
- WPS B 03.8 Develop a façade, covered walkway improvement project in accordance with appropriate rules and regulations. Work with property owners, business owners, staff and organizations such as the Chamber of Commerce in creating the program. Establish program criteria for participation by property owners.
Planning & design by 4th Quarter FY02/03
Begin implementation 2nd Quarter FY03/04
- WPS B 03.9 Continue Business Link and Business Connect programs in cooperation with Chamber and others, contact approximately 100 businesses during the 2002-2003 year and 2003-2004 fiscal years. Use different types of contacts and meeting formats according to the businesses that are being met with.
Ongoing
- WPS B 03.10 Work with other City staff to recommend changes to the downtown zoning code and review processes. Focus will be on modifications that encourage business reinvestment and expedite processes for project review. As a follow-up, work on evaluating other potential of code and rule changes that will strengthen the economic vitality of the community.
Proposals to City Council 2nd Quarter FY02/03
- WPS B 03.11 Evaluate citywide zoning issues and make specific recommendations that will make mature business areas more competitive in the current marketplace. Initial focus on McDowell Road area from 64th Street to Pima Road.
Recommendations ongoing. First proposals 3rd Quarter FY02/03
- WPS B 03.12 Explore arranging a small business counseling program in conjunction with the Small Business Development Center operated through Maricopa Community Colleges. Use Economic Stabilization Funds to cover any expenses.
4th Quarter FY03/04
- WPS B 03.13 Continue process of working with McDowell Road auto dealers regarding on-site and right-of-way upgrades which will strengthen the area as a key auto sales location. Using designated funds to institute a program of landscaping improvements in three initial locations including one in the area with the highest concentration of dealerships. The program will involve dealers along McDowell and Scottsdale Roads that are situated in the Los Arcos Redevelopment Area.
Landscaping improvements by 1st Quarter FY03/04

SECTION 3

PERFORMANCE MEASURES

PERFORMANCE MEASURES

Once a strategic plan has been approved and implementation has begun, it is important to be able track and measure the performance of that plan over time. This is critical in insuring that the plan is meeting its stated objectives, the results are as anticipated, and when necessary modifications can be made to deal with issues that may arise.

Economic Vitality is in a unique position compared to most other city services when it comes to performance measurement. The services that this Department provides are often indirect -- that is, the work that the Department does to achieve the goals of the strategic plan is generally directly related to the ultimate strategic benefit. The overall goal of Economic Vitality is to enhance the local economy, as measured by such things as the creation of high paying jobs and generating new tax revenues. But Economic Vitality cannot actually create jobs and build new retail facilities. What the Department does is to work with the private sector to facilitate investment in the community that will achieve these goals, by providing relevant information, helping to secure appropriate sites, assisting with City entitlements, etc. Direct performance measures, such as how many meetings we held, or how many reports we wrote, do not provide a meaningful measure of the success of the program. Therefore, we need to look at a series of indirect performance measures that better reflect the ultimate goals of the strategic plan. These measures would include:

- The number of new targeted businesses that located in Scottsdale, along with the number of new jobs they created, their average salary level, and their capital investment in the city.
- The community's unemployment rate
- The ratio of jobs to labor force
- Per capita income
- Change in revenue streams to the City – especially sales tax, bed tax, and property tax
- Valuation of new building permits
- Changes in total assessed valuation of all property in Scottsdale
- Home appreciation rates
- Vacancy rates for commercial properties
- Hotel occupancy rates and revenue per room
- Changes in capital investments in older areas of the community
- Citizen surveys of overall satisfaction rates
- The City's bond rating

There are a few direct measurements of the success of the program, including:

- Providing timely and accurate economic research data
- Interaction and cooperation with our regional neighbors
- The level of communication about Economic Vitality within and outside of the organization
- Program activity level (web site hits, request for publications, etc.)
- Business Link contacts and visits
- Project specific accomplishments

SUMMARY

Overall, this strategy is designed to enhance the community's existing economic base and to help the City achieve its goal of long-term economic sustainability. The ultimate goal of the economic vitality program is that of adding value to the community, and enhancing the quality of life of all the citizens.

The key elements of this plan include:

Overall Economic Vitality Goals and Strategies

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| Goal EV1 | FOCUS ON QUALITY OF LIFE |
| Goal EV2 | IMPROVE PARTNERSHIPS |
| Goal EV3 | BE THE BEST SOURCE OF ECONOMIC INFORMATION |
| Goal EV4 | ENHANCE COMMUNICATIONS |
| Goal EV5 | SUPPORT PRIVATE INVESTMENT CONFIDENCE IN SCOTTSDALE |

Economic Development Division Goals and Strategies

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|----------|--------------------------------|
| Goal ED1 | REVENUE ENHANCEMENT |
| Goal ED2 | TARGETED EMPLOYMENT CREATION |
| Goal ED3 | INFORMATION RESOURCE |
| Goal ED4 | ECONOMIC SUSTAINABILITY POLICY |

Tourism Development Division Goals and Strategies

| | |
|----------|--|
| Goal TD1 | UNDERSTAND THE MARKET |
| Goal TD2 | SUPPORT SPECIAL EVENTS |
| Goal TD3 | DEVELOP NEW DESTINATION ATTRACTIONS |
| Goal TD4 | STRATEGICALLY MARKET AND PROMOTE THE COMMUNITY |
| Goal TD5 | EXPLAIN THE VALUE OF TOURISM |

Revitalization Division Goals and Strategies

| | |
|---------|---|
| Goal R1 | ENCOURAGE REVITALIZATION IN MATURE AREAS OF SCOTTSDALE |
| Goal R2 | ENCOURAGE REDEVELOPMENT FOR INFILL PROPERTIES |
| Goal R3 | PROVIDE PROJECT MANAGEMENT FOR PUBLIC REVITALIZATION PROJECTS |
| Goal R4 | ENSURE BALANCE IN CITY FUNDED PROJECTS |

Business Services Division Goals and Strategies

| | |
|----------|--------------------------------------|
| Goal BS1 | ISSUES IDENTIFICATION AND ASSISTANCE |
| Goal BS2 | BUSINESS INFORMATION DATABASE |
| Goal BS3 | STIMULATE REINVESTMENT |
| Goal BS4 | DEVELOP STRATEGIES FOR KEY AREAS |

APPENDICES

APPENDIX 1: BACKGROUND/HISTORY OF ECONOMIC DEVELOPMENT IN SCOTTSDALE

APPENDIX 2: ECONOMIC VITALITY DEPARTMENT ORGANIZATIONAL CHART

APPENDIX 3: ECONOMIC VITALITY ELEMENT OF THE SCOTTSDALE GENERAL PLAN

APPENDIX 1:

BACKGROUND/HISTORY

Early Years / Original E.D. Plan

During the late 1970's and early 1980's, Scottsdale's economic base was highly dependent upon tourism – an estimated 60-70% of the economic base was directly related to tourism. Few other local industries existed, and Scottsdale was regarded as primarily a bedroom community of Phoenix. During this time, the local tourism industry suffered a number of downturns relating to such factors as national recessions, the gas crisis, and local flooding problems. As a result, the community went through an extended economic downturn, manifested by such things as high unemployment and the inability of the City to provide all services desired by the residents.

In 1984, the Scottsdale City Council and the Scottsdale Chamber of Commerce realized that a fresh look at the community's economic development was in order. With the active participation of Scottsdale's business and government leaders, a comprehensive economic development plan (The McManis Economic Development Strategy) was prepared. That report summarized the community's economic development growth goals as follows:

- The expansion of business activities that generate tax revenues directly through consumer transactions and/or indirectly through the expansion of the consumer market.
- The expansion of job opportunities for persons who reside or are likely to reside in Scottsdale.

The process of devising that Strategy identified certain types of businesses that would best satisfy those goals, and outlined a comprehensive program for economic growth:

1. Continued growth in existing sectors of hospitality, residential construction, retail development, and business/professional services.
2. Specific activities and public investments to channel a portion of future economic growth to the City's downtown area.
3. The selling of Scottsdale to selected office-user market segments including association and corporate administrative offices.
4. Enhanced efforts to encourage businesses already in Scottsdale to remain and expand in the City.

A goal setting and strategy process set the stage for the organizational activities that followed. In 1985, the actual implementation of the McManis Strategy resulted in three separate but strongly related events:

- The Scottsdale Partnership was created as a private sector funding mechanism to augment the City's contractual funding of the Chamber's E.D. Program.
- The Chamber/Partnership added professional staff to implement the private sector responsibilities set forth in the Strategy, which generally were in the areas of job creation and expansion.
- The City Council established a City Economic Development Office with professional staff to carry out municipal responsibilities established in the Strategy, which were generally focused on tax revenue enhancement.

Since no written policy had been established or adopted by either organization at that time, an evolution of responsibilities based on relative organizational strengths emerged and was acknowledged

by the “Economic Development Executive Committee” (EDEC). That entity was a joint committee of the City Council and Chamber Board of Directors, established to oversee the preparation and implementation of the McManis Strategy. EDEC became the forum at which economic development issues of a community scale were discussed and resolved. It also functioned as a clearinghouse to make certain that duplication was not occurring between City and Chamber staff efforts on various E.D. policies or strategies.

This strategy was carried out with some success over the next 5 years. During this period, the Airpark began to see significant new business development, and the local economy began to diversify away from its historical dependence upon tourism. But, the City still remained concerned that its revenue base was not keeping pace with the demands of the growing City.

Later Years / Recent E.D. Plan

In 1989, an initiative by the Chamber of Commerce to evaluate and update the McManis Strategy resulted in a reaffirmation of the 1984 goals and a comprehensive set of recommendations dealing with overall improvement of the business climate in Scottsdale; this document was endorsed by the City Council in July of 1989.

Also in 1989, due to the economic and real estate downturn in the Valley and to the negative press the area was receiving (e.g. the infamous Barrons article), the Greater Phoenix Economic Council (GPEC) was formed. GPEC was designed to serve as a single focal point for national economic development marketing efforts, and to work to enhance the image of the metro area. The City has been an active member of GPEC since its inception, and has used GPEC as its primary economic development marketing tool.

During this same time period, the Scottsdale City Council held a retreat to discuss a number of City policies relating to economic development. Resulting from that was a City Council Economic Development Policy, which focused on the following key points:

- “The City Council is committed to aggressive economic development activities as a key to Scottsdale’s future.”
- “The City Council will set the policy for economic development for the City, based on input from the community.”
- “The City Council will review and define the roles of the City, the Chamber of Commerce, and the Partnership.”

Based on the Council’s direction, the Economic Development staff prepared the first “Economic Development Action Plan” in April of 1990, which was designed to outline major goals and strategies for the following fiscal year. This document combined some of the original thinking from the first McManis report (particularly the need to further diversify the City’s economic base while still supporting the tourism industry), and added components from the update (primarily focused on the need to aggressively seek out new sources of tax revenue, and to support the tourism industry through a tourism development program). The E.D. Action Plan was updated annually between 1991 and 2000 to reflect relevant specific strategies and workplan items, but the overall goals and objectives remained fairly constant. The six key goals/objectives outlined in the most recent (2000-2002) E.D. Action Plan were as follows:

1. Broaden the tax base to support needed investments in community infrastructure, other physical amenities, and expansion of public services to meet the demands of a growing community.
2. Increase the number of jobs within Scottsdale through the recruitment of targeted opportunities, and through the retention and expansion of existing businesses.

3. Create the Southwest's premier resort destination through expanded hospitality capital investment.
4. Attract more visitors to Scottsdale through expanded hospitality promotional efforts.
5. Improve the quality of life in Scottsdale by taking advantage of unique economic development opportunities.
6. Improve communication, interaction, and cooperation between Scottsdale's Economic Development office and other organizations with a vested interest in economic development, and to be the best source of economic information.

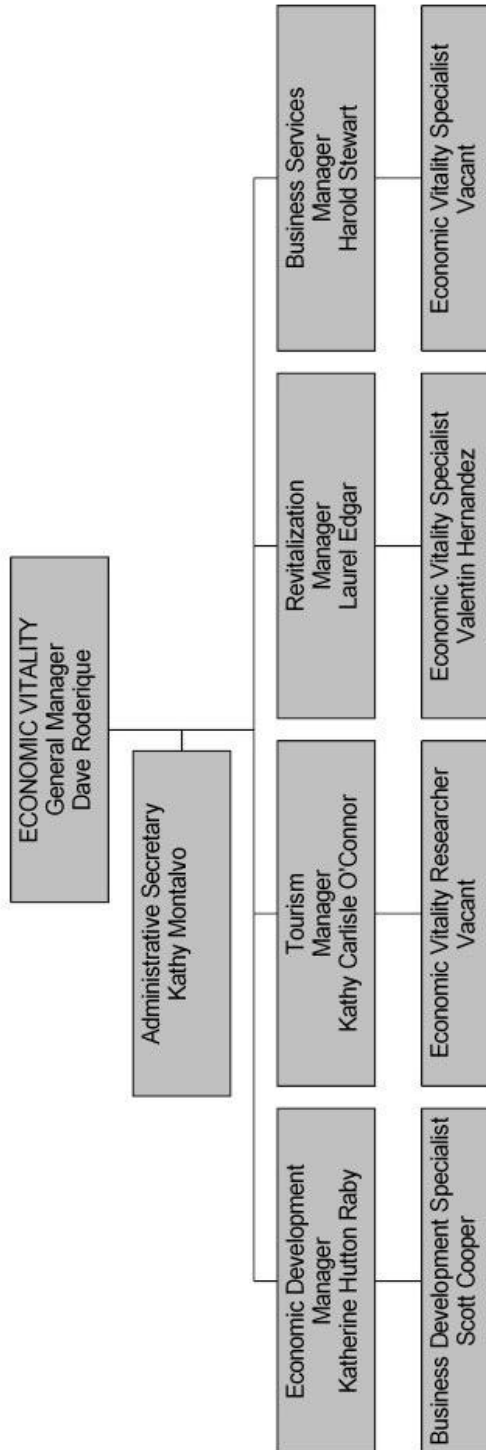
These strategies were jointly carried out by the City and the Chamber – the City contracted with the Chamber for both the job creation and the tourism marketing components of this plan.

Throughout the 90's, this strategic plan was reaffirmed through a variety of citizen driven initiatives, such as the Scottsdale Visioning program (1992), the CityShape 2020 report (1995), and through the adoption of the City's first "Economic Element of the General Plan" (1998). The strength of the Scottsdale economy throughout this period is a testimony to the success of this strategic vision and the public-private economic development partnership. In the late 90's, Scottsdale received AAA bond ratings from all three major rating agencies, one of only 12 cities in the country to achieve this coveted measure of financial strength, and an indicator of the tremendous success of the economic development effort of the past 15 years.

By the end of the 1990's the economy of Scottsdale had become one of the strongest in the Valley. The community's economic base had achieved a strong level of diversification. Key economic indicators, including the growth in the number of jobs, valuation of building permits, and sales and bed tax revenues outpaced nearly every other city in Arizona on a per capita basis. The City's unemployment rate remained at record low levels (about 2%). The tourism industry, although no longer the largest economy sector in Scottsdale, still generated a substantial amount of economic activity for the community (about \$2.5 billion annually). Retail sales tax generation was about twice that of most Arizona communities on a per capita basis. The significant non-residential sector (45% of the City's assessed valuation) provided a large portion of the property tax base, enabling the City to keep total property tax rates very low. All of these factors resulted in the City's ability to provide a high level of services to the residents at a relatively low cost.

APPENDIX 2

ECONOMIC VITALITY DEPARTMENT



| ECONOMIC DEVELOPMENT | TOURISM | REVITALIZATION | BUSINESS SERVICES |
|--|--|---|--|
| <ul style="list-style-type: none"> • Targeted business attraction • Employment/New Economy • Revenue enhancement • Economic research and fiscal/economic policy issues • Quality of life development • GPEC contract and liaison | <ul style="list-style-type: none"> • Tourism development program • T.D. Commission and tourism industry liaison • Oversee CVB contract • Tourism research and policy development • Support the development of new destination attractions | <ul style="list-style-type: none"> • Facilitate small scale revitalization projects • Explore new tools and potential redevelopment activities • Revitalization resource center • Work toward the development of a new plan for Los Arcos | <ul style="list-style-type: none"> • Develop comprehensive program for new Bus. Services Division • Business visitation programs (small and large scale) • Small business development resource center • Industry specific training programs and resources • Entrepreneurial development |

APPENDIX 3

To view the Economic Element of the City of Scottsdale, General Plan please visit:
<http://www.scottsdaleaz.gov/generalplan/EconomicVitality.asp>